

Oncology Trends Report

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Summary

The oncology trend report was intended to confirm that oncology management and practice are key priorities for health care stakeholders. It provides a baseline for future surveys to further analyze trends and observe effects of changes in management and practice. It includes perspectives from managed care, specialty pharmacy providers, oncologists, and oncology practice managers.

Key Points

- Increasingly, managed care organizations are managing cancer medications with benefit design, utilization management, and provider reimbursement strategies.
- Because of the increasing availability of oral anticancer medications, a shift from medical benefits as payer to pharmacy benefits is occurring.
- Barriers, such as prior authorization processes, make it difficult for patients to obtain cancer medications.
- A significant number of oncologists reported increasing workload and decreasing revenue.
- The majority of oncologists reported using buy and bill for drug acquisition and reimbursement.
- In a case where a therapy will lead to a revenue loss for an oncologist, alternative sites to receive care and/or a different medication would be considered.
- Oncology practices have difficulty determining managed care coverage policies.

THE ONCOLOGY TREND REPORT, THE first comprehensive national survey of trends in oncology, was conducted on behalf of Genentech to obtain information on oncology management and practice from health care stakeholders. The consulting firm Kikaku America International was contracted to develop survey instruments for each group of interest, disseminate surveys, collect and analyze the data and summarize the findings, and create a report from the results. Between January and June 2008, survey instruments were created and distributed to individuals in each of the following four stakeholder groups:

- Managed care organizations
- Specialty pharmacy providers/pharmacy benefit managers (PBMs)
- Oncologists
- Oncology practice managers

The surveys could be completed online or mailed to the consulting firm.

There are some limitations to the survey. The re-

sponse rates were low thus the results may not be representative of the broader population. Despite the low response rate, the information in the report provides interesting information for discussion. Also, the accuracy of responses cannot be independently verified. It is not certain if the responses that were provided match actual practice and management patterns among oncology practices, managed care organizations, and specialty pharmacy providers. Individuals may have guessed about questions for which they did not know the answer. Lastly, some survey questions were open to interpretation by the responder. For example, participants were asked to assess if their managed care contracts were “profitable,” though a definition of “profitability of contracts” was not afforded in the survey.

Managed Care Organizations

A survey designed to assess perspectives on the management of cancer care was sent to 3,691 managed care professionals. Sixty percent of the respondents

Exhibit 1: Change in Cancer Spend

If you expect a shift in the mix of cancer spend over the next year, in which way do you see it changing?

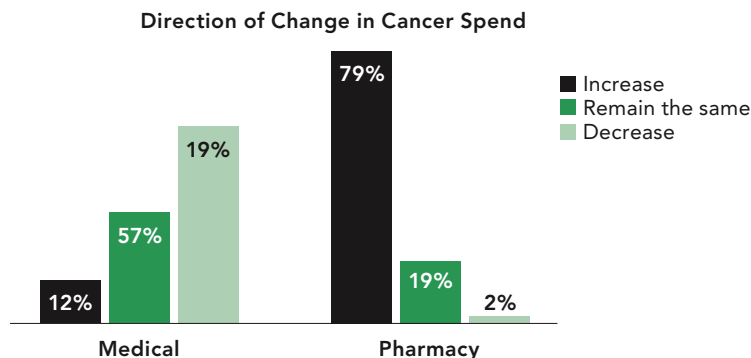
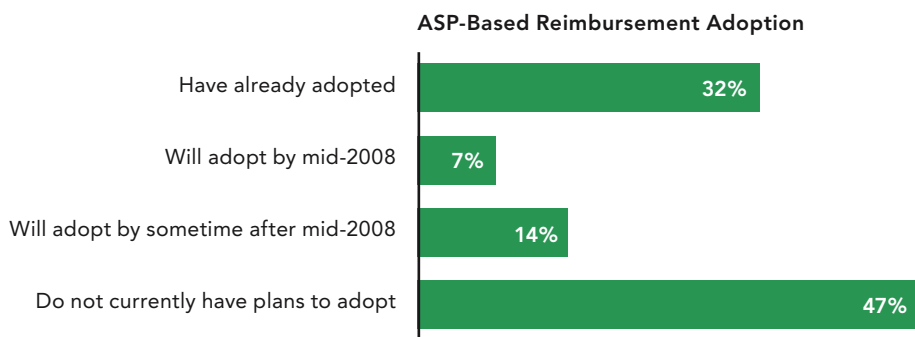


Exhibit 2: Average Sales Price Adoption

For injectable cancer products, please indicate if, or when, your organization will adopt ASP-based reimbursement.



said they were actively managing cancer in either medical or pharmacy benefit plans. In 69 percent, the medical side of the organization was responsible for oncology management.

Seventy percent of cancer spend was covered by medical benefits and 30 percent by pharmacy benefits. Most respondents thought that this would be changing. According to a report developed in 2008 by the Pharmaceutical Research and Manufacturers of America, at least 750 medications and vaccines targeting cancer are in clinical trials or under FDA review. Thirty-five percent of these medications are oral cancer treatments. Sixty-one percent responded that they saw a change coming in the next year in the mix of pharmacy and medical costs (Exhibit 1). Of those who are expecting a shift in oncology costs, 79 percent expect an increase in oncology costs in the pharmacy budget.

Information on several methods of managing on-

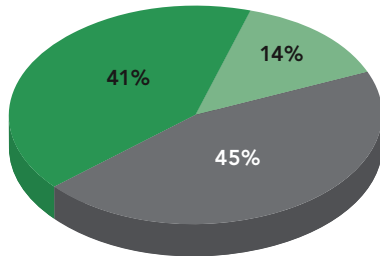
colony costs was obtained. These included average sales price (ASP), benefit design, disease management, and case management. A lot of the plans are following the lead of Medicare for reimbursement. Thirty-two percent of respondents said they have adopted average sales price (ASP)-based reimbursement for oncology medications (Exhibit 2). Among those who have adopted ASP-based reimbursement, 28 percent said their organization has reevaluated and increased professional fees to offset formerly unrecognized services. Many plans are already using benefit design strategies or planning to implement them in the near future (Exhibit 3). The exception was establishing lifetime caps for injectable or specialty products. The majority of organizations (73 percent) did not offer disease management programs in cancer but did provide case management (72 percent).

Overall, the majority of managed care respondents are managing cancer care in their medical or pharmacy

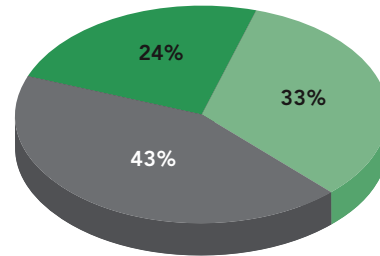
Exhibit 3: Benefit Design Strategies

Indicate for each option below how soon you think your organization will adopt various benefit design strategies to deal with infused specialty and biologic cancer therapies.

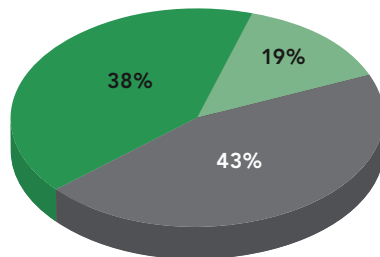
Require physicians to obtain products from a specific source in order to receive the best reimbursement rate.



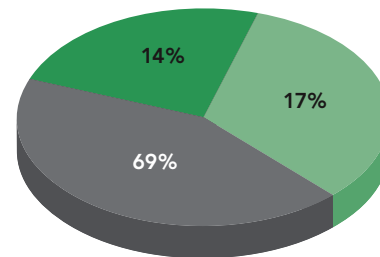
Enforce strict laboratory value thresholds (if available) as a prerequisite for product access.



Introduce a separate benefit design just for specialty therapies.



Establish lifetime caps for injectable or specialty products.



benefit plans. While managed care organizations are seeking to gain more control over the use of cancer medications, they are concerned about disrupting their network of contracted physicians. The respondents are evaluating and using multiple strategies for managing cancer care, including benefit design, utilization management, and provider reimbursement.

Specialty Pharmacy Providers

A survey, designed to gather perspectives on the management of oncology drugs by specialty pharmacy providers and pharmacy benefit managers, was sent to 1,309 specialty pharmacy professionals. Respondents estimated that 21 percent of their organization's total revenue, and 16 percent of their organization's total prescription volume, are generated from the distribution of cancer medications and adjunctive treatments for cancer. Sixty percent of cancer-related revenues for specialty pharmacies are generated by the distribution of cancer medications to patients for self or home administration. Oral cancer medications account for 26 percent of

all cancer-related prescriptions distributed through specialty pharmacy, and self-injected cancer therapies account for 33 percent of all cancer-related prescriptions distributed through specialty pharmacy.

There are barriers to patients getting prescriptions filled for cancer therapies. Respondents identified prior authorization processes and limited distribution as the primary barriers (Exhibit 4). The respondents noted that there is an increase in mandates for single source products (26 percent) and the influx of oral cancer agents will have a major impact on the way specialty pharmacy services are delivered in the future (75 percent).

Overall, use of specialty pharmacy distribution for cancer products is mostly for convenience, and not due to coverage requirements at this time. Respondents indicated that their organizations provide a wide range of services to support cancer patients (Exhibit 5).

Oncologists

A survey designed to assess perspectives on the provision of cancer care was sent to 5,000 oncologists.

Exhibit 4: Barriers to Product Distribution

What are the most common barriers to fulfilling a cancer medication prescription? (Check all that apply)

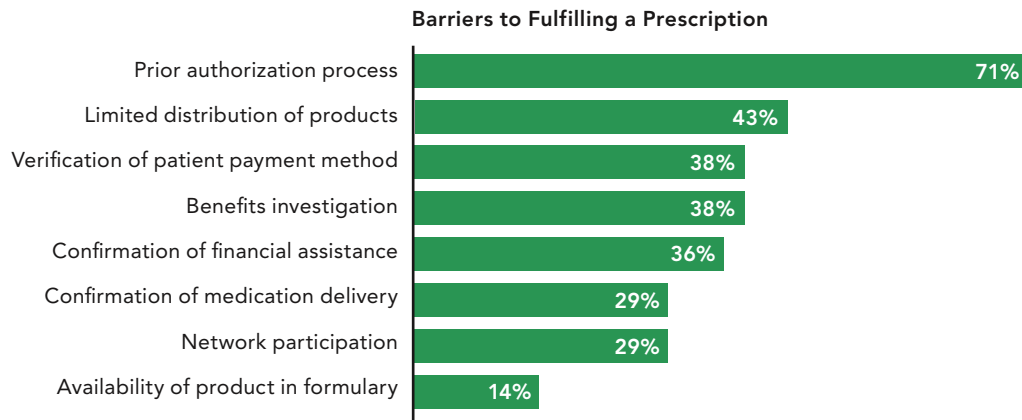
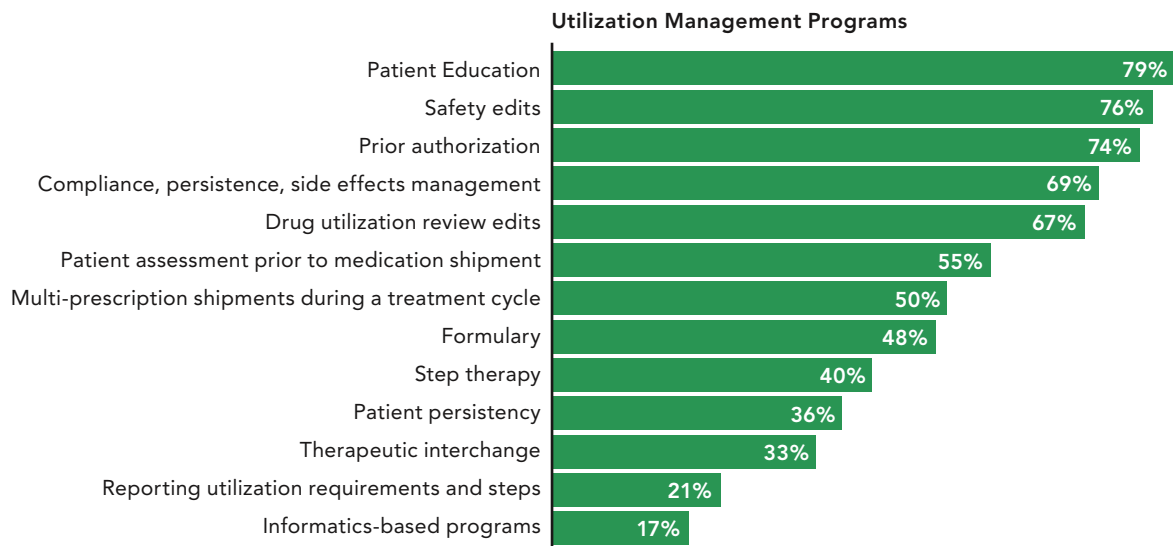


Exhibit 5: Utilization Management

What utilization management programs for oncology medication does your pharmacy provide to managed care organizations? (Check all that apply)



A large percentage of the respondents to this survey were in small practices (less than 5 oncologists). Sixty-four percent of oncologists reported that their workloads have increased over the past 12 months, and 39 percent said their income has fallen in the past 24 months. Sixty-one percent of the surveyed oncologists said that 70 percent or more of their drug acquisition and reimbursement is through buy

and bill. Because of changing reimbursement, patients are shifting to other sites (Exhibit 6).

Overall, oncologists are experiencing the impact of policy changes for drug coverage, owing mainly to reduced margins on infused therapies. Fifty-eight percent of those surveyed are identifying therapies that lead to revenue loss. In a case where a therapy will lead to a revenue loss, 69 percent of respondents would

Exhibit 6: Therapy Revenue Loss Options

What do you do in cases where a therapy will result in revenue loss? (Check all that apply)

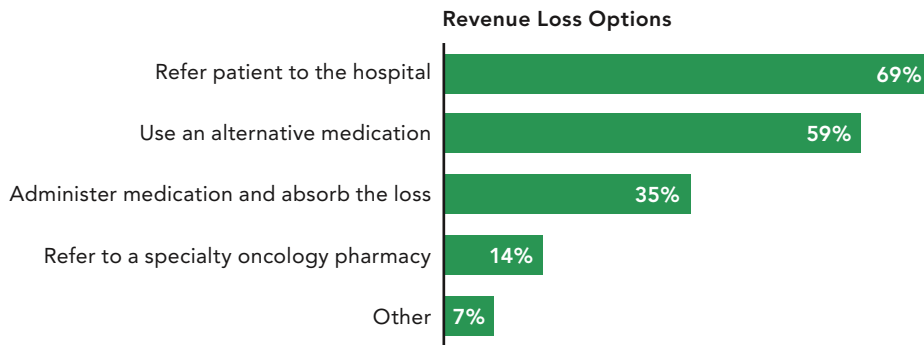
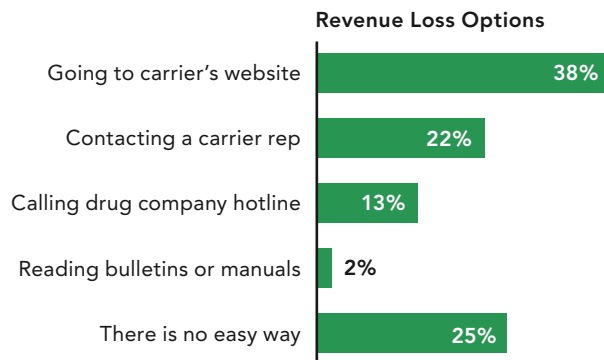


Exhibit 7: Coverage Policies

What is the best way for staff to access carrier information (e.g., policies, documentation guidelines)?



consider sending their patients to alternative sites to receive care and 59 percent would choose a different medication. This is an issue for managed care because that alternative medication may not be the most appropriate, but may have a higher reimbursement.

Oncology Practice Managers

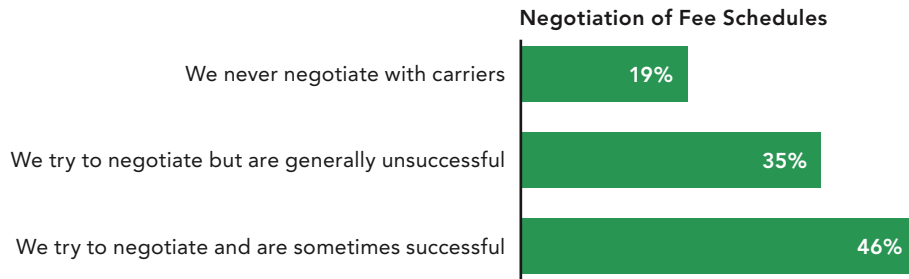
A survey designed to assess views on practice management, billing, and reimbursement was sent to 5,000 oncology practice managers. Fifty-five percent of practice managers reported that payer coverage and reimbursement policies appear to be inconsistent. Exhibit 7 shows how they access carrier information. Of note, 25 percent said there was no easy way to determine coverage policies.

Fifty-four percent of practice managers said that more than 50 percent of drug reimbursement is based on ASP. On average, the surveyed oncology practices have 17 contracts with health plans. Nineteen percent of respondents said they do not negotiate fee schedules with health plans; 35 percent said they try to negotiate fee schedules but generally are not successful (Exhibit 8).

Of the people who responded, most oncology practices were solo practices or small groups. As a result, they have limited success in negotiating managed care contracts. Additionally, the practices/groups employed a significant number of people who did nothing but billing. Respondents reported that 23 percent of their health plan contracts are unprofitable.

Exhibit 8: Contracts with Health Plans

Which of the following is most accurate regarding fee schedules?



Conclusion

Although this survey had limitations, the information gleaned can help managed care plans identify trends that are occurring in oncology. Adoption of Medicare like reimbursement for oncology medications is affecting the practice and management of oncology.

In addition to other factors, the increase in availability of oral medications is shifting spend and management from medical to pharmacy benefits. **JMCM**

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The Institute will provide **education** on topics such as:

- ▶ Prevention ▶ Survivorship ▶ Health economics ▶ Pharmacoeconomics
- ▶ Benefit Design ▶ Pharmacogenomics ▶ Guidelines, criteria, & compendium
- ▶ Relationships between plans and oncologists ▶ End-of-life care / hospice

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